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No. 00-1946

Supreme Court, U.S.
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IN THE

Supreme Court of the United States

INSITUFORM TECHNOLOGIES, INC.,
INSITUFORM (NETHERLANDS) B.V.,
AND INSITUFORM GULF SOUTH, INC.,
Petitioners,

v.

CAT CONTRACTING, INC., FIRSTLINER U.S.A., INC.,
GIULIO CATALLO, MICHIGAN SEWER CONSTRUCTION COMPANY
AND KANAL SANIERUNG HANS MUELLER GMBH & CO. KG,
Respondents.

On Petition for Writ of Certiorari to the
United States Court of Appeals for the Federal Circuit

PETITIONERS' REPLY BRIEF IN SUPPORT OF THEIR PETITION FOR WRIT OF CERTIORARI

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Festo Corp. v. Shoketsu Kinzoku Kabushiki Co., 234 F.3d 588 (Fed. Cir. 2000), *cert. granted*, No. 00-1543 (6/18/01) ("*Festo*") 1-2, 5-9

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Warner-Jenkinson Co. v. Hilton Davis Chemical Co., 520 U.S. 17 (1997)("*Warner-Jenkinson*") 2-6, 8-10

I

Insituform's Reply to the Response of Respondent Kanal Sanierung Hans Mueller GmbH & Co. KG

In their petition for certiorari, the petitioners (collectively referred to herein as "Insituform") argued that if the Court reverses or significantly narrows the decision of the Federal Circuit in *Festo Corp. v. Shoketsu Kinzoku Kabushiki Co.*, 234 F.3d 588 (Fed. Cir. 2000), *cert. granted,* No. 00-1 543 (6/18/01), it should grant certiorari in this case, vacate the judgment below, and remand this case to the Federal Circuit. (Petition, pp.12-13.) This course appears proper, because the decision of the Federal Circuit in this case was based solely and squarely on its decision in *Festo*.

Indeed, the FirstLiner respondents agree. In their brief, discussed more fully below, they concede that if this Court reverses *Festo*, "further review of the Insituform case would be warranted either by this Court or the Federal Circuit on remand." (FirstLiner Brief, p.2.)

In its brief opposing the issuance of a writ of certiorari in this case Respondent Kanal Sanierung Hans Mueller GmbH & Co. KG ("KS") argues otherwise. (KS Brief, pp. 17-24.) It contends that the most recent judgment[1] of

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[1] Petitioners' Appendix, pp. A1-A17, herein referred to as "*Insituform III*". The two earlier decisions of the Federal Circuit in this case are similarly referenced. Its decision reported at 99 F.3d 1098 (Fed. Cir. 1996), and reproduced in Petitioners' Appendix, pp. A36-A69, is herein referred to as "*Insituform I*". Its decision reported at 161 F.3d 688 (Fed. Cir. 1998), and reproduced in Petitioners' Appendix, pp. A18-A35, is herein referred to as "*Insituform II*".

the Federal Circuit in this case reached the correct result without regard to its decision in *Festo*. KS argues that the result reached in *Insituform III* was correct under *Warner-Jenkinson Co. v. Hilton Davis Chemical Co.*, 520 U.S. 17 (1997), and that this Court therefore should deny certiorari in this case, regardless of what it does in *Festo*.

KS's development of its argument is at best incomplete. It fails to acknowledge that the Federal Circuit has already considered and rejected its argument. The Federal Circuit decided *Insituform II* in September, 1998 – long after this Court had decided *Warner-Jenkinson*. Indeed, the defendants in *Insituform II* made the same argument that KS now urges upon this Court. The court there wrote: "According to Defendants, however, the Supreme Court's *Warner-Jenkinson* decision, issued after our remand in *Insituform I*, further limited the doctrine of equivalents so that it cannot apply in this case." 161 F.3d at 691, Petitioners' Appendix, p. A24. The Federal Circuit rejected this argument in *Insituform II*. It there found that Petitioner's patent had been infringed under the doctrine of equivalents as formulated in *Warner-Jenkinson*: "We conclude, as we did in *Insituform I*, that 'prosecution history does not estop Insituform from asserting that the right to exclude extends broadly enough to cover either Process 1 or Process 2.' *Id. Warner-Jenkinson* changed nothing applicable here." 161 F.3d at 692, Petitioners' Appendix, pp. A26-A27.

In short, the Federal Circuit in I*nsituform II*, decided well after this Court decided *Warner-Jenkinson,* expressly rejected the argument that *Warner-Jenkinson* precluded the application of the doctrine of equivalents to the facts of this case. It is true, of course, that the

decision in *Insituform II* is binding on this Court only to the extent that this Court decides to be bound thereby. It is nevertheless surprising that KS argues such preclusion to this Court without even mentioning to this Court that its argument had been considered and rejected by the court below, much less advancing any reasons as to why the Federal Circuit had erred in doing so.

Moreover, while KS's argument might be appropriate after a grant of certiorari in this case, it is much less appropriate as a reason for denying certiorari. It would be anomalous for this Court to reverse, *sub silentio*, the decision of the Federal Circuit in *Insituform II* by a denial of certiorari in *Insituform III*. If the application of *Warner-Jenkinson* to this case is to be revisited, that is not the way to do it. Rather, the Court should grant certiorari in this case, and it can then consider KS's *Warner-Jenkinson* argument on the merits.

Last, and perhaps least, KS's argument about the application of *Warner-Jenkinson* to the facts of this case is wrong on the merits. It was properly rejected by the Federal Circuit for the reasons stated in *Insituform II*.

KS asserts that the amendment of the patent application in this case did not simply restate a single dependent claim as an independent claim. (KS Brief, pp. 17-20.) KS is correct, but that fact will not bear the weight that KS would put upon it.

The amendment in this case restated as a single independent claim not one but rather two claims that were originally stated separately as dependent claims (original Claims 3 and 4). In the original application the use of a pressure applying nip (*i.e.*, a squeezing device) was described in Claim 3, which was dependent from

Claims 1 and 2. The use of a movable vacuum cup that is placed near the resin front was described in Claim 4, which was also dependent from Claims 1 and 2.[2] In the amended application Claim 10 (which became Claim 1 of the '012 patent as issued) was stated as an independent claim that described both the use of a pressure applying nip and the use of a movable vacuum cup.

KS apparently concedes that if the amendment had simply restated a single dependent claim as an independent claim, *Warner-Jenkinson* would not preclude the operation of the doctrine of equivalents.[3] It does not argue otherwise. Rather, it argues that because two dependent claims were restated as a single independent claim, both dependent claims were "narrowed" for reasons related to patentability. From this premise it concludes that the phrase "a vacuum cup" as used in the amendment is a limitation added to avoid prior art and "must be barred by prosecution history from having any range of equivalents." (KS Brief, p. 23)[4].

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[2] A pressure applying nip was disclosed in the prior Everson patent; a movable vacuum cup was not. Nothing was said to the Patent Office during the prosecution of the patent (nor by the Federal Circuit in *Insituform II*) about the pressure applying nip of original Claim 3.

[3] See the *amicus curiae* brief of the United States in *Festo* (No. 00-1543) at pages 16-17.

[4] KS also suggests that the Insituform patent teaches a discontinuous vacuum to overcome the prior art of the Everson patent which teaches a continuous vacuum. However, neither the Insituform patent nor its file history uses the term "discontinuous". In fact, the Insituform patent uses a continuous impregnation process and a continuous vacuum. The only discontinuity is in the shifting of the cup from one position to the next, which does not destroy the continuity of the vacuum in the liner or of the impregnation process. The only discontinuity is in the application of the vacuum.

The analysis urged by KS elevates the letter over the spirit of *Warner-Jenkinson*.[5] This Court there affirmed that a patentee could not recover under the doctrine of equivalents what he had knowingly surrendered during the prosecution of his patent application to avoid prior art; that the court should ascertain the reason why any limitation was added during the prosecution of the patent application; and that the reason so ascertained determined the scope of what was given up. Prosecution estoppel precludes a range of equivalents only for matters with that scope.

The Federal Circuit applied *Warner-Jenkinson* in this way in *Insituform II*. It looked at the reason for the amendment as set forth in the prosecution history. "Insituform made clear that the reason for the amendment was to overcome the prior art teaching creation of a single source vacuum at the far end of the liner. . . . **Therefore we hold that Insituform did explain the reasons for its changes in claim 1, and those reasons do not prohibit application of the doctrine of equivalents completely, but only with respect to the subject matter surrendered of a large single vacuum source placed a significant distance from the resin front."**[6] Thus, when the Federal Circuit decided this case under *Warner-Jenkinson* in the absence of *Festo*, it found infringement. See also Judge Michel's opinion dissenting in part in *Festo* at 234 F.3d 558, 598, 615-616, where he suggests *Insituform II* was correctly decided.

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[5] See II Corinthians, c. 3, v. 6: "[F]or the letter killeth, but the spirit giveth life."

[6] 161 F.3d at 692, Petitioners' Appendix, pp. A25, A26-A27; emphasis added.

In its petition Insituform also argued that this case is distinguishable from both *Festo* and *Warner-Jenkinson* because in this case the reasons for the amendment appear in the prosecution history. This case involves no unexplained amendments, and the application of prosecution estoppel to bar any range of equivalents in this case would therefore be a major expansion of *Festo* and of *Warner-Jenkinson*. Thus even if the Court affirms the result in *Festo,* it should grant certiorari here (Petition, pp. 13-20.)

KS does not directly address this argument. It does not discuss the significance of the explanation given by Insituform to the PTO for the amendment to its patent application. KS argues only that, whether or not *Festo* was correctly decided by the Federal Circuit, this case was correctly decided under *Warner-Jenkinson*. (KS Brief, pp.17-24.) This argument and its bearing on this petition for certiorari has been discussed above.

In its petition for certiorari, Insituform also argued that the Federal Circuit made a legislative rather than a judicial decision in its disposition of *Festo*, and that this Court should review that decision under its supervisory powers. (Petition, pp. 20-27.)

KS also fails to address this argument. Rather, it misconstrues the argument as an attack on the unfairness of applying *Festo* retroactively. (KS Brief, pp. 24-29.) Insituform does believe that the retroactive application of *Festo* to this case was unfair. It did not, however, urge that unfairness *per se* as a reason for

granting certiorari.[7] At most it suggested that the obvious unfairness and unsettling effects of a widespread retroactive application of *Festo* were indicia that the *Festo* decision was legislative rather than judicial. In short, Insituform did not express an objection to the retroactive application of the *Festo* decision. Rather, it objected to the *Festo* decision itself as legislation masquerading as a judicial decision. A decision that so radically alters existing law should be made by Congress, not by the Federal Circuit. KS does not address this objection in its brief opposing certiorari.

II

Insituform's Reply to the Response of the FirstLiner Respondents

In their brief in opposition, Respondents CAT Contracting, Inc., FirstLiner U.S.A, Inc., Guilio Catallo, and Michigan Sewer Construction Company (herein referred to collectively as "FirstLiner") argue that this case is a routine exercise in the application of prosecution estoppel. They simply assert – as if that ended the matter – that a patentee cannot recover through the doctrine of equivalents what he has knowingly surrendered during the patent application process.

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[7] Insituform consciously decided not to ask the Court to re-enter the retroactivity thicket in this case; see Petition, p. 26, n. 21. There are other sufficiently compelling reasons to grant certiorari in this case. Nevertheless, in the unlikely event that the Court would like to re-enter that thicket, this case provides an opportunity to do so; KS has injected that issue into the case. In this connection, Insituform notes (for whatever it may be worth) that the cases cited in referenced note can be reconciled; the ones that upheld retroactive applications concerned Constitutional standards, while the ones that did not concerned statutory construction.

In this case FirstLiner's argument is simplistic, and it adds nothing to the resolution of the issues before the Court. The central issue in this case concerns how a court determines in a particular case what it is that the patentee knowingly surrendered by amendment. The scope of that knowing surrender in turn determines the scope of the limitations that prosecution estoppel imposes on the protection afforded by the doctrine of equivalents.

The so-called "bright line" rule adopted by the Federal Circuit in *Festo* mandates a mechanistic finding of total and unconditional surrender of all equivalents – and as a concomitant, a finding that there is no protection at all available under the doctrine of equivalents.

The more reasonable rule adopted by this Court in *Graver Tank & Mfg. Co. v. Linde Air Products Co.*, 339 U.S. 605 (1950) and similar cases, and affirmed in *Warner-Jenkinson*, directs the court to ascertain the reasons for the amendment, and then to limit the scope of the surrender to what is reasonably explained by those reasons. A Draconian rule eliminating any protection from infringement through equivalents makes sense only when there is no ascertainable reason for the amendment. When, for example, an applicant simply rephrases as a independent claim what he had originally stated as a dependent claim, there is no knowing surrender.[8] In such cases the patentee should receive the full measure of protection provided by the doctrine of equivalents.

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[8] See note 3, *supra*.

This is such a case. The Court should grant Insituform's petition for certiorari to assure it of that full measure of protection.

III

Conclusion

In its petition for certiorari, Insituform made essentially three arguments:

1. In deciding this case the Federal Circuit based its decision completely on its decision in *Festo*. Therefore, if the Court reverses or significantly modifies *Festo*, it should grant certiorari in this case.

2. This case is different from both *Festo* and *Warner-Jenkinson*. Here the reasons for the amendment to the patent application are fully set out in the prosecution history. Thus to extend the ruling of *Festo* to this case would be both a major expansion of *Festo* and a distortion of *Warner-Jenksinson*. The Court should hear arguments on the merits before its permits such an extension and distortion. Therefore, even if it might affirm *Festo*, it should grant certiorari in this case.

3. The decision of the Federal Circuit in *Festo,* as greatly expanded in this case, is a legislative act rather than a judicial decision. That decision as extended in this case overturns prior law that has long been in effect and has been relied upon by numerous patentees. Its retroactive application nullifies the reasonable expectations of perhaps 90% of present patent holders as to the amount of protection afforded by their patents. Moreover, Congress could have easily abandoned the doctrine of equivalents when it codified the law in the 1952

Patent Act, but it did not do so. *Warner-Jenkinson*, 520 U.S. 17, 28 (1997). The Federal Circuit overstepped its proper role when it did what Congress had decided not to do. This Court, in the exercise of its supervisory powers, should grant certiorari in this case, and instruct the Federal Circuit that it is a judicial rather than a legislative body.

In its brief KS addresses only the first of these three arguments, and it urges only a counter-argument that has already been properly rejected by the Federal Circuit.

FirstLiner in its brief responds to none of these three arguments. Indeed, it concedes the validity of Insituform's first argument.

For the foregoing reasons, the Court should issue its writ of certiorari to the Court of Appeals for the Federal Circuit in this case.

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